

Lloyds Bank • Small Business Research Trust

Quarterly

Small

Business

Management

Report

No.1 Vol. 5 1997

Lloyds Bank/Small Business Research Trust

**Quarterly Small Business
Management Report - Vol.5, No.1**

March 1997

ISSN 0968-6444

£17.50

'Europe' and Small Businesses

Small Business Research Trust
based at
Open University Business School
Walton Hall
Milton Keynes
MK7 6AA

Tel: 0190 865 5831

WEB VERSION: INTRODUCTION

The Lloyds Bank/TSB-sponsored series of small business management reports commenced in 1992, and concluded in 2009. In total, 53 reports were published over a period of 17 years.

Our target audience comprised the owner-managers of independent small businesses, typically employing fewer than 50, and based in mainland UK.

The series originated from a longitudinal study of small business management, undertaken by the Polytechnic of Central London (now University of Westminster), and culminating in: *The Management of Success in 'Growth Corridor' Small Firms*, (Stanworth, Purdy & Kirby, Small Business Research Trust, 1992).

THEMES

The themes were wide-ranging – including such as entrepreneurship, work & stress, employment strategies, and the environment – a full list is shown overleaf.

INSIGHT

In addition to asking questions and supplying the respondents with a range of answer options, the corresponding questionnaire was included as an appendix to each report so that readers would know exactly what questions had been put to respondents.

We also sought qualitative information – in the form of verbatim comments about the key theme – to help elaborate on whatever related challenges respondents felt they were facing at the time.

Finally, the findings are primarily intended to be indicative rather than definitive – partly due to the sample size, which is, on average, 111 for the 2003-09 reports.

PUBLISHING FORMAT

The reports were published in hard copy form, obtainable via subscription. Initially

by the Small Business Research Trust, and from 2003, by the Small Enterprise Research Team (SERTeam), both research charities based at the Open University.

Regrettably, SERTeam ceased operating in 2009, and so in 2010 the authors felt that the more recent reports would find wider interest if they were made freely available in Acrobat format via the Internet – especially with the UK economy set for a protracted journey out of recession, and with the government in turn refocusing on smaller businesses to aid the recovery.

It is worth mentioning that the series commenced as the UK economy emerged from the early 1990s recession.

In 2015, the earlier reports were also converted (1993 to 2003), with the full series made available at Kingston University: <http://business.kingston.ac.uk/sbrc>

SUPPORTING INFORMATION (WWW)

In later years – as the world-wide-web developed and an increasing number of sources of information became more readily available – suggestions for online sources of related material were included.

N.B. For reports 2003 onwards - where successfully validated, the web links (URLs) were enabled in 2009. And in the case of many invalid web links, an alternative was offered, but not where the organisation appeared defunct and an obvious replacement was not traced.

**John Stanworth, Emeritus Professor,
University of Westminster**
<http://www.westminster.ac.uk/schools/business>

**David Purdy, Visiting Fellow,
Kingston University**
<http://business.kingston.ac.uk/sbrc>

© co-authors John Stanworth & David Purdy 2015 (and Graham Bannock for reports 1-19, 1993-97). Creative Commons Attribution-NonCommercial 4.0 International
<http://creativecommons.org/licenses/by-nc/4.0/>

Lloyds Bank/TSB & SBRT
Quarterly Small Business Management Report
ISSN 0968-6444

1993 (Vol.1)

- 1 Surviving The RecessionFebruary 1993
- 2 Using Your TimeJune 1993
- 3 Management Style September 1993
- 4 Financial ManagementDecember 1993

1994 (Vol.2)

- 1 Purchasing March 1994
- 2 Quality Standards & BS 5750June 1994
- 3 Management SuccessionAugust 1994
- 4 Customers & Competitors . November 1994

1995 (Vol.3)

- 1 Information Technology March 1995
- 2 HolidaysJune 1995
- 3 Company VehiclesAugust 1995
- 4 Pricing Policies November 1995

1996 (Vol.4)

- 1 Training March 1996
- 2 A Day In The LifeJune 1996
- 3 Financial Management September 1996
- 4 Tax ComplianceDecember 1996

1997/8 (Vol.5)

- 1 'Europe' & Small Businesses ... March 1997
- 2 Employee RecruitmentJuly 1997
- 3 Information Technology October 1997
- 4 Business Support Agencies .. January 1998

1998/9 (Vol.6)

- 1 Entrepreneurship May 1998
- 2 Work & Stress September 1998
- 3 Employment StrategiesDecember 1998
- 4 Small Firms & The Environment .. Mar 1999

1999/2000 (Vol.7)

- 1 The Impact of HolidaysJune 1999
- 2 Late Payment September 1999
- 3 Management Development .December 1999
- 4 Exit Routes March 2000

2000/01 (Vol.8)

- 1 E-commerceJune 2000
- 2 Sources of Finance September 2000
- 3 Transport & GovernmentDecember 2000
- 4 Government & RegulationsApril 2001

2001/02 (Vol.9)

- 1 Marketing & SalesJuly 2001
- 2 The Human Side of Enterprise Oct 2001
- 3 Health Issues January 2002
- 4 PremisesApril 2002

2002 (Vol.10)

- 1 Networking in BusinessAugust 2002
- 2 The EuroDecember 2002

Lloyds TSB & Research Team
Small Business Management Report
ISSN 1478-7679

- 3 Crime Against Small Firms June 2003

Lloyds TSB & SERTeam
Small Enterprise Research Report
ISSN 1742-9773 No.2 (Vol.1) onwards

2003-04 (Vol.1)

- 1 Small Firms And PoliticsOctober 2003
- 2 Pensions February 2004
- 3 Work-Life Balance July 2004

2004-05 (Vol.2)

- 1 Education & EnterpriseOctober 2004
- 2 Made in Britain February 2005
- 3 Management & Gender Differences July 2005

2006 (Vol.3)

- 1 Local or Global ?January 2006
- 2 Managing IT May 2006
- 3 Networking in Business September 2006

2006-07 (Vol.4)

- 1 Owner-Manager Flexible Working December 2006
- 2 The Ageing Workforce April 2007
- 3 Travel & Transportation August 2007

2008-09 (Vol.5)

- 1 The London 2012 Olympic And Paralympic Games April 2008
- 2 Competition: Small Firms Under PressureJanuary 2009

WEB VERSION PUBLISHING

<http://business.kingston.ac.uk/sbrc>

Certain content needed to be re-set, e.g., the figures in the earlier editions, but the report body content is intended to be identical to that in the printed original. This web version - an Acrobat document - is derived from the original DTP text and will permit searching.

LIABILITY DISCLAIMER

The information and analysis in each report is offered in good faith. However, neither the publishers, the project sponsors, nor the authors, accept any liability for losses or damages which could arise for those who choose to act upon the information or analysis contained herein. Readers tracing web references are advised to ensure they are adequately protected against virus threats.

HIGHLIGHTS

This is the seventeenth of a series of small business management reports based on surveys of a panel of small firms, mainly in manufacturing, retail/distribution and business services. The focus of this survey was on **'Europe'**. The principal findings were as follows:

- **Links to Europe** - most small firm respondents felt that the underlying reasons for closer links with Europe are political rather than to do with business.
- **Impact on the smallest businesses** - the very smallest firms (0-4 people) were the most convinced that the nature of the European Union (E.U.) had more to do with politics than business. These same firms were also the least likely to consider the E.U. to be, in the long term, beneficial for U.K. business.
- **Neutral impact** - half of our respondents felt that, economically, the effect of the European Union on small businesses in the U.K. would be neutral - neither beneficial nor detrimental.
- **Beneficial impact** - of respondents holding the view that membership of the European Union would **not** in the end be neutral, manufacturing respondents held positive views towards the E.U. by a ratio of 6:1, compared with 3:1 for business services and 1:1 for retail/distribution
- **Advice and information** - most respondents had not consulted any specialist body during the last 2 years in order to obtain information about the E.U.
- **Single European Currency timing** - only one-in-five of small firms in our sample believed that the U.K. will join the Single European Currency by the year 2,000 AD. Over half believe we shall have joined by the year 2,005. Nearly one-in-five believe we shall never join. Respondents in the South appeared particularly sceptical here.
- **Preparation for the Single European Currency** - less than 10% felt fully aware of the steps their firms would need to take in readiness for the introduction of the Single European Currency. Larger firms in our sample (20-49 people) were the most likely to feel the need to change in order to cope with the Single European Currency implications and were also most likely to be expecting the costs to be higher than their smaller counterparts.
- **Use of advice agencies** - firms in the South were more likely to use Business Links and Local Training and Enterprise Councils for information on Europe than were their Midlands and Northern counterparts.

TABLE OF CONTENTS

Figure 1	- Main Reason For European Union: By Sector.....	7
Figure 2	- Effect Of E.U. On Respondent's Business: By Sector.....	8
Figure 3	- Sources Of Information On E.U.: By Sector	8
Figure 4	- Expected Timing For Single European Currency: By Sector.....	9
Figure 5	- Preparedness For Single European Currency: By Sector.....	10
Figure 6	- New Systems For Single European Currency: By Sector	11
Figure 7	- Initial Cost Of Single European Currency: By Sector	11
Figure 8	- Main Reason For European Union: By Employee Size.....	12
Figure 9	- Effect Of E.U. On Respondent's Business: By Employee Size	12
Figure 10	- Sources Of Information On E.U.: By Employee Size.....	13
Figure 11	- Expected Timing For Single European Currency: By Employee Size.....	13
Figure 12	- Preparedness For Single European Currency: By Employee Size	14
Figure 13	- New Systems For Single European Currency: By Employee Size.....	14
Figure 14	- Initial Cost Of Single European Currency: By Employee Size.....	15
Figure 15	- Main Reason For European Union: By Region.....	16
Figure 16	- Effect Of E.U. On Respondent's Business: By Region.....	16
Figure 17	- Sources Of Information On E.U.: By Region	17
Figure 18	- Expected Timing For Single European Currency: By Region.....	17
Figure 19	- Preparedness For Single European Currency: By Region	18
Figure 20	- New Systems For Single European Currency: By Region	18
Figure 21	- Initial Cost Of Single European Currency: By Region	19
Addendum - Additional Information About Sample		23
Figure 22	- Industrial Sector: By Region	23
Figure 23	- Region: By Employee Size	24
Figure 24	- Industrial Sector: By Employee Size.....	24
Survey Questionnaire		Appendix

ACKNOWLEDGEMENTS

The Small Business Research Trust wishes to thank all responding firms for their time and effort involved in participation in the production of this Management Report.

The Trust acknowledges the help provided by Graham Bannock & Partners Ltd, David Purdy, The Open University and The University of Westminster in designing the survey, processing data and analysing the results.

The Small Business Research Trust is particularly pleased to acknowledge the generous support provided by Lloyds Bank plc in sponsoring the research, analysis and presentation of this report. However, it is important to note that any opinions expressed in this publication are not necessarily those of Lloyds Bank plc.

MANAGEMENT ISSUES

The emphasis of our Quarterly Management Reports is on monitoring the key management problems and practices of smaller business, with an emphasis on survival and success. Accordingly, each issue of the Lloyds Bank/Small Business Research Trust Management Report addresses one or more highly topical small business management issues. In this survey we focus on **'Europe' and Small Businesses**.

Past surveys have covered:

1993: Vol.1

- No.1 *Surviving The Recession***
- 2 *Using Your Time***
- 3 *Management Style***
- 4 *Financial Management***

1994: Vol.2

- 1 *Purchasing***
- 2 *Quality Standards & BS 5750***
- 3 *Management Succession***
- 4 *Customers & Competitors***

1995: Vol.3

- 1 *Information Technology***
- 2 *Holidays***
- 3 *Company Vehicles***
- 4 *Pricing Policies***

1996: Vol.4

- 1 *Training***
- 2 *A Day in the Life***
- 3 *Financial Management***
- 4 *Tax Compliance***

It is planned to cover the following management issues in future:

- Recruitment
- I.T.

THE SAMPLE

This report is based on responses received from a panel of some 350 small businesses situated in the Northern, Midland and Southern regions of Britain. Respondents are predominantly small firms with fewer than 50 employees, drawn mainly from the manufacturing, business services, and retail/distribution sectors of the economy. Over half of the participating firms employ fewer than 10 people and over one-third of the firms are less than 5 years old.

RESULTS

The questionnaire completed by sample firms appears at the end of this report as an appendix. This survey was carried out during December 1996 and January 1997.

'EUROPE' AND THE SMALL BUSINESS

The issue of closer links with 'Europe' is controversial and hotly contested, as the results of our current survey show. However, there was a strong contrast between the comments made by respondents and the overall assessments of the likely economic impact of closer ties with Europe on the U.K. economy. That is, the majority of people who wrote in detailed comments on their feelings on Europe were strongly opposed to closer links yet, looking at some of our figures later, observers will see that, on balance, the overall results of closer ties with Europe are expected to be positive or, at worst, neutral.

Typical negative comments were:

"I do not think that all of the issues that affect small business are made clear by the politicians, and we often follow ... 'European Union' matters without considering the consequences."

"We were only ever asked if we wanted to join the 'common market'. ... [First] E.E.C., then E.C., now E.U., next U.S.E ? [United States of Europe] 'Big' business is driving us towards political union - most smaller businesses see no benefit."

"Being in the the E.U. has resulted in bureaucracy gone mad. Rules and regulations are being applied to the U.K. which appear wholly ignored by say France and Spain. We appear to accept or object. France rejects, blockades, burns or delays."

"Regulatory oppression is now a major factor when my clients are reviewing expansion or change."

Typical neutral comments, or those containing mixed sentiments, on Europe were:

"We now export 20% of our production into Europe, our only problems have involved currency fluctuations. The sooner we have a single currency the better. We look for European exports to increase, to the greater good of the U.K. - but please no federalism ..."

"I only want England to be part of 'a larger common market' not a 'United States of Europe'."

"... I support the present government's 'wait and see' policy as being sensible, practical, responsible and in this country's best interest at this stage."

"At the appropriate time, the government of the day must put our money where their mouth is - a referendum is not appropriate as most people will not have sufficient knowledge of all the implications."

Typical positive comments on Europe were:

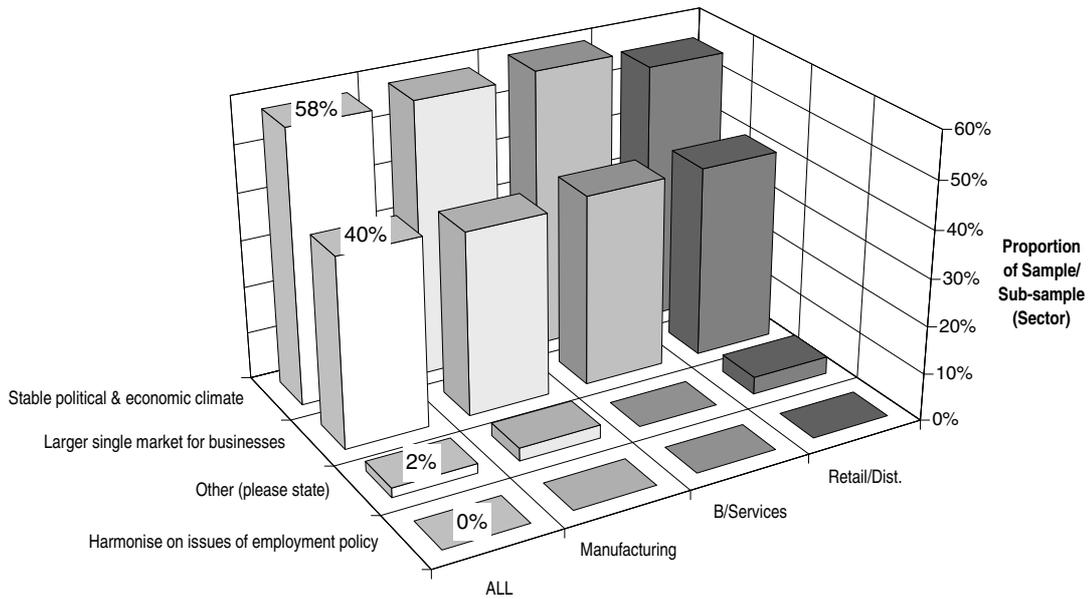
"A common means of exchange is the bedrock of a common market. Charges and currency negotiations work proportionally against small businesses. Politicians wake up !"

"Within the West European Union we've had no major wars (Cod War excepted) for over 50 years - let's keep it that way by embracing a change for the better !"

"How can we be certain of changes to our business if the government is so divided on issues concerning the E.U. It's a nightmare. If the U.K. does not follow the tide of change it will become a backwater."

"We have to swallow the bitter pill that 'big is beautiful' if only because

**Fig 1 - MAIN REASON FOR EUROPEAN UNION:
BY SECTOR**



it prevents national governments from fouling up the economy."

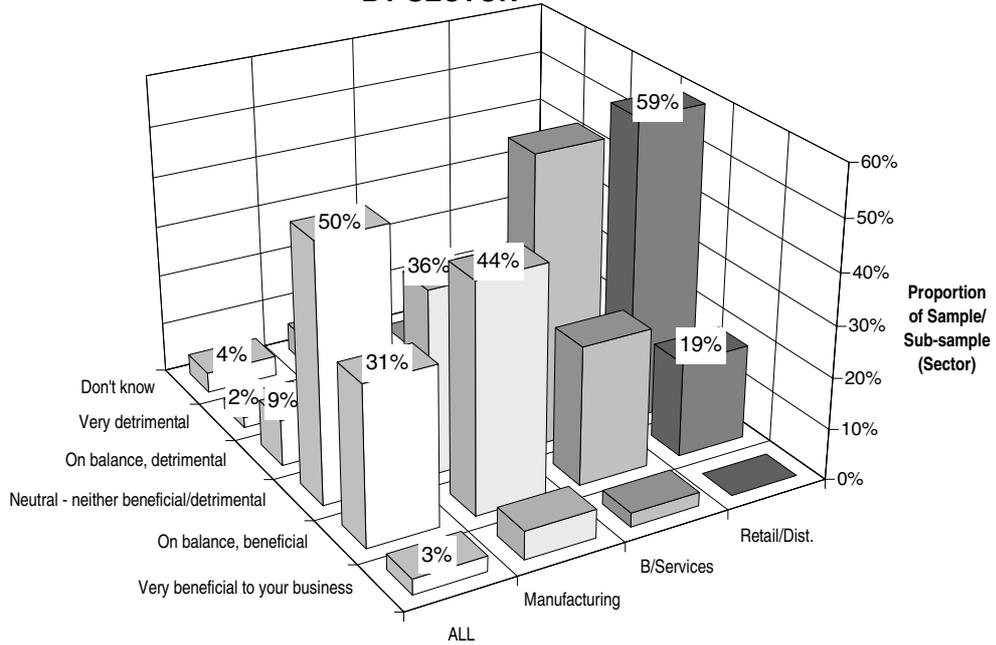
"I think the present government should be adopting a more positive stance than just 'wait and see - we will decide later'."

RESPONSES BY BUSINESS SECTOR

Figure 1 shows that, for nearly 60% of the sample, the principal reason behind the notion of greater European integration is that of political and economic stability. In this sense, the underlying logic is historical with its roots in two 20th-century world wars, both originating in Europe.

Interestingly, there was almost complete agreement on this point across the 3 sectors we examined, i.e., manufacturing, business services and retail. As we shall see below, relatively high degrees of agreement of this nature tend to run right through our analysis on Europe. However, our results do, nonetheless, throw up some startling differences.

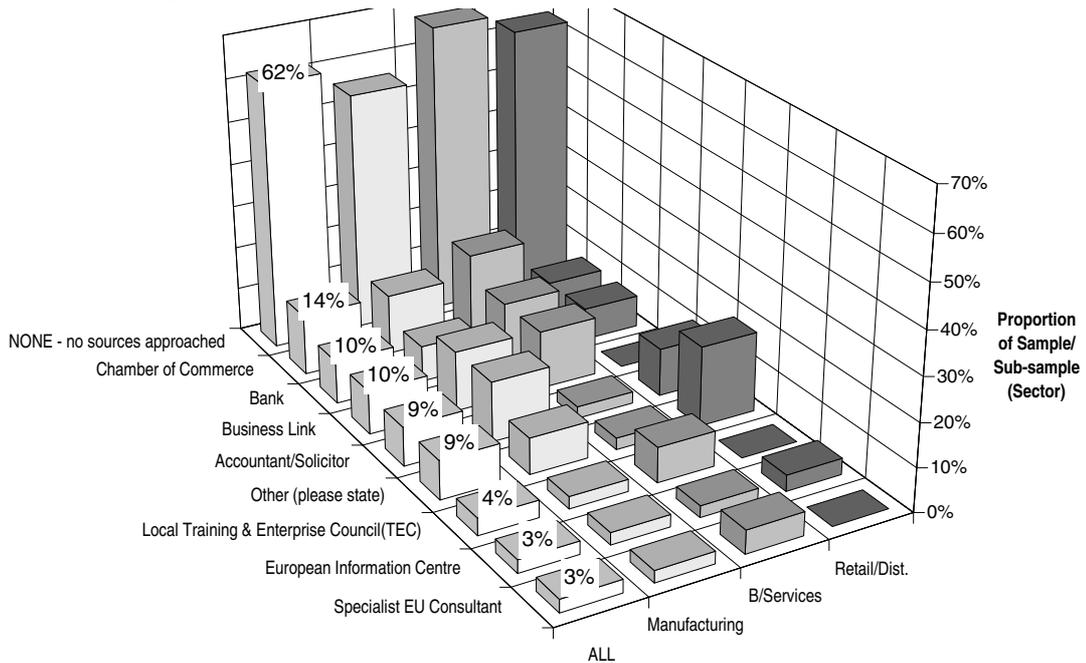
**Fig 2 - EFFECT OF E.U. ON RESPONDENT'S BUSINESS:
BY SECTOR**



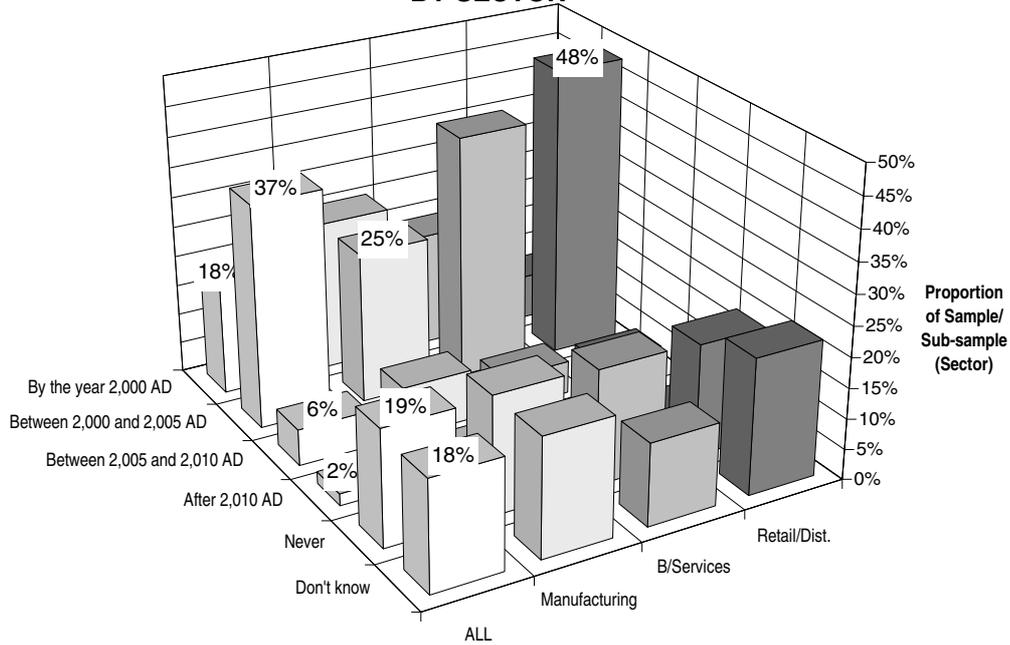
Marked sector differences in views on benefits of the U.K.'s membership of the European Union are shown in **Figure 2**. Overall, half our sample felt that the outcome would, in the event, be neutral - neither beneficial nor detrimental. Thereafter, of those who expressed a

view in favour or against, there was a 3:1 ratio in favour of Europe proving beneficial. This ranged from a ratio of approximately 6:1 in the case of manufacturing respondents, to 3:1 for business services and then only 1:1 for retail sector respondents.

Fig 3 - SOURCES OF INFORMATION ON E.U.: BY SECTOR



**Fig 4 - EXPECTED TIMING FOR SINGLE EUROPEAN CURRENCY:
BY SECTOR**

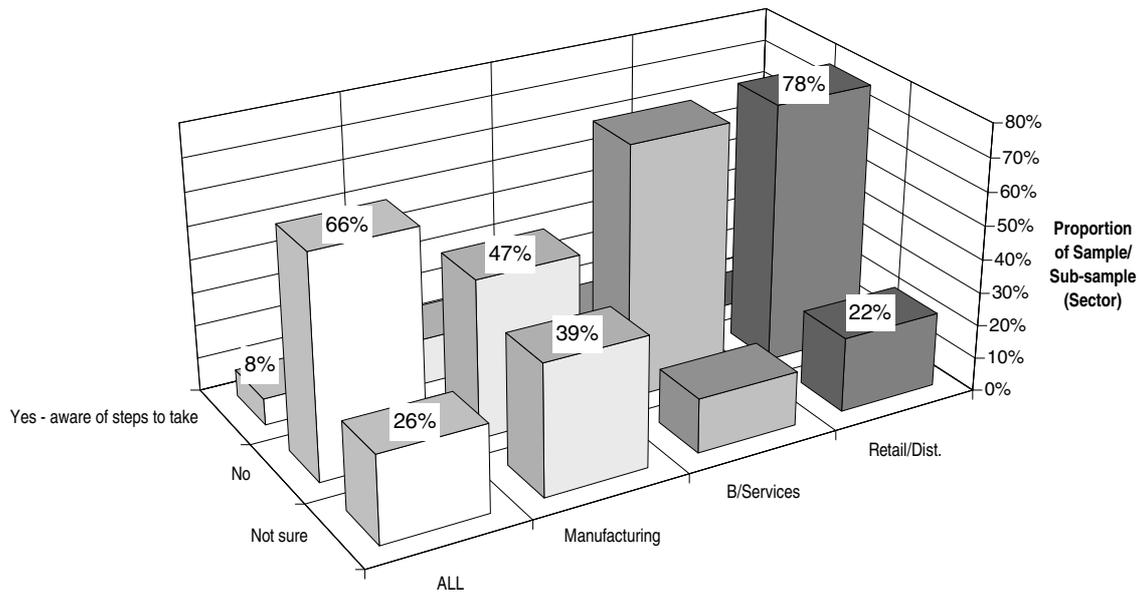


Which sources of information, if any, respondents had used during the last 2 years in order to obtain information on Europe are shown in **Figure 3**. As the figure shows, around 60% had not used any specialist source though, of those who did seek information, a range of sources were identified with Chambers of Commerce, Banks, Business Links, Accountants and Solicitors featuring most strongly.

Some quite distinct sector differences are revealed in **Figure 4**. Overall, nearly one-in-five respondents seemed to think that the U.K. would join the Single European Currency in the first wave (by the year 2,000 A.D.) whereas about twice as many thought we would join in what might be thought of as a 'second wave' of entry between the years 2,000 and 2,005. A further one-in-five thought we would never join.

The statistics in **Figure 4** link closely with those in Figure 2, with the most enthusiastic sector for Europe (manufacturing) predicting the earliest membership of a Single European Currency and the least enthusiastic (the retail sector) opting more strongly for 'second wave' membership. It should also be mentioned, however, that the manufacturing firms are biased towards the larger end of the spectrum, in terms of numbers of employees, compared to the firms in retailing/distribution, which are biased towards the opposite end (see also Figure 24 in the Appendix).

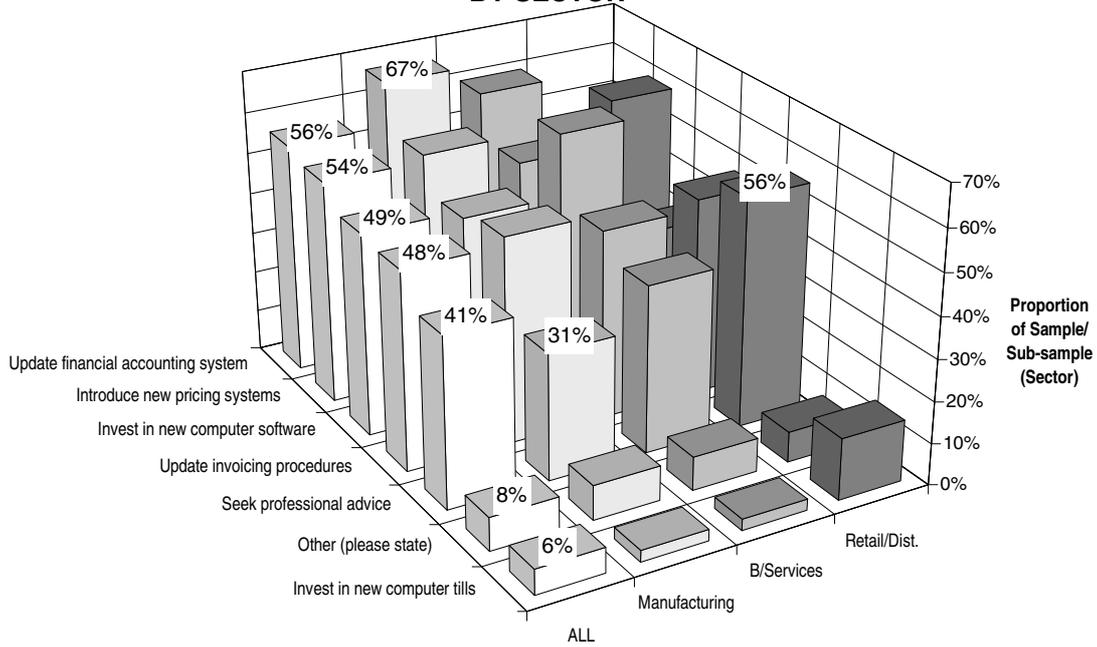
**Fig 5 - PREPAREDNESS FOR SINGLE EUROPEAN CURRENCY:
BY SECTOR**



Only 8% felt really aware of the steps they would have to take in readiness for the introduction of a Single European Currency (**Figure 5**). Again, these statistics linked with those in Figure 2. That is, the most enthusiastic sector (manufacturing) appeared most aware of the implications - but with many of the respondents still uncertain about what they would need to do - and the least enthusiastic sector (retail) was the least aware of the implications.

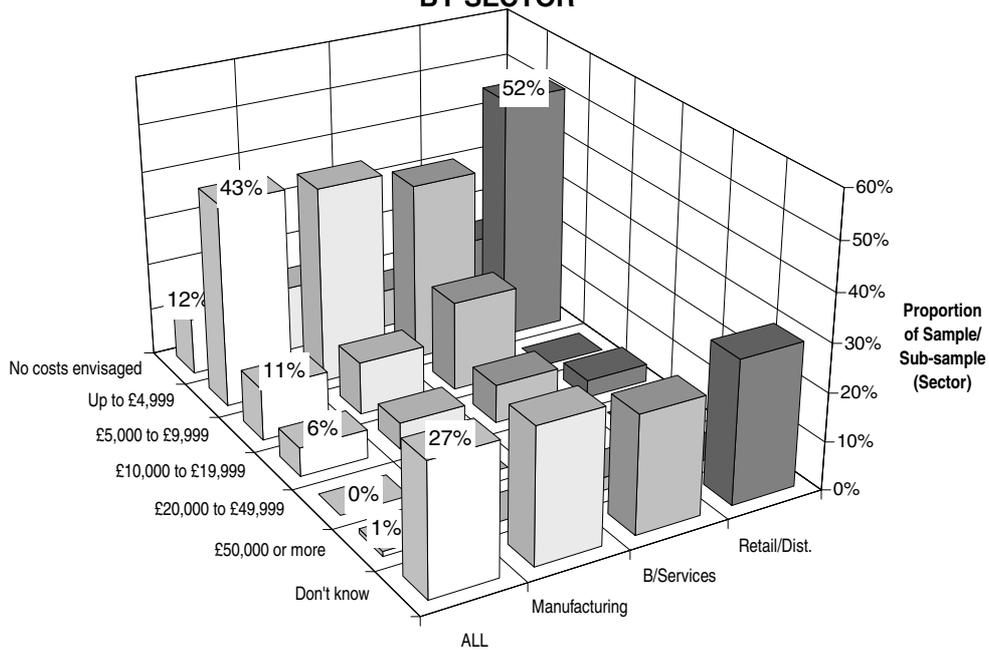
Some of the key actions which respondents felt might result upon membership of a Single European Currency are shown in **Figure 6**. As is evident, two factors stand out here - financial procedures and computer software provision. Perhaps not surprisingly, business services sector respondents were the most acutely aware of the need to consider investment in new computer software whilst their retail counterparts were most aware of the need to seek professional advice.

**Fig 6 - NEW SYSTEMS FOR SINGLE EUROPEAN CURRENCY:
BY SECTOR**

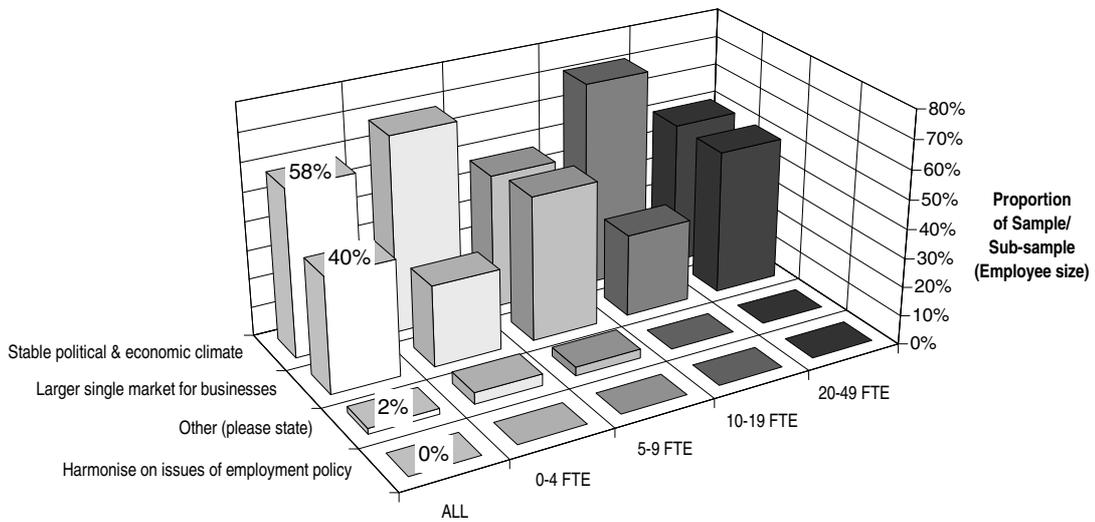


Relative consistency across the sectors on the issue of the likely business costs associated with the introduction of a Single European Currency was found (**Figure 7**), with only 12% expecting there to be no cost involved for them and over 40% expecting costs of up to £5,000.

**Fig 7 - INITIAL COST OF SINGLE EUROPEAN CURRENCY:
BY SECTOR**



**Fig 8 - MAIN REASON FOR EUROPEAN UNION:
BY EMPLOYEE SIZE**



RESPONSES BY FIRM SIZE

Figures 8 and 9 see the smallest firms in our sample somewhat at odds with their larger counterparts. In Figure 8 we see them being particularly likely to feel that the purpose of the European Union is

guided by strongly political motives first and business second. In Figure 9 we find them very sceptical of any likely economic advantages to the U.K. We see, for instance, that only 12% expected positive advantages for the U.K. compared with 34% of the sample overall.

**Fig 9 - EFFECT OF E.U. ON RESPONDENT'S BUSINESS:
BY EMPLOYEE SIZE**

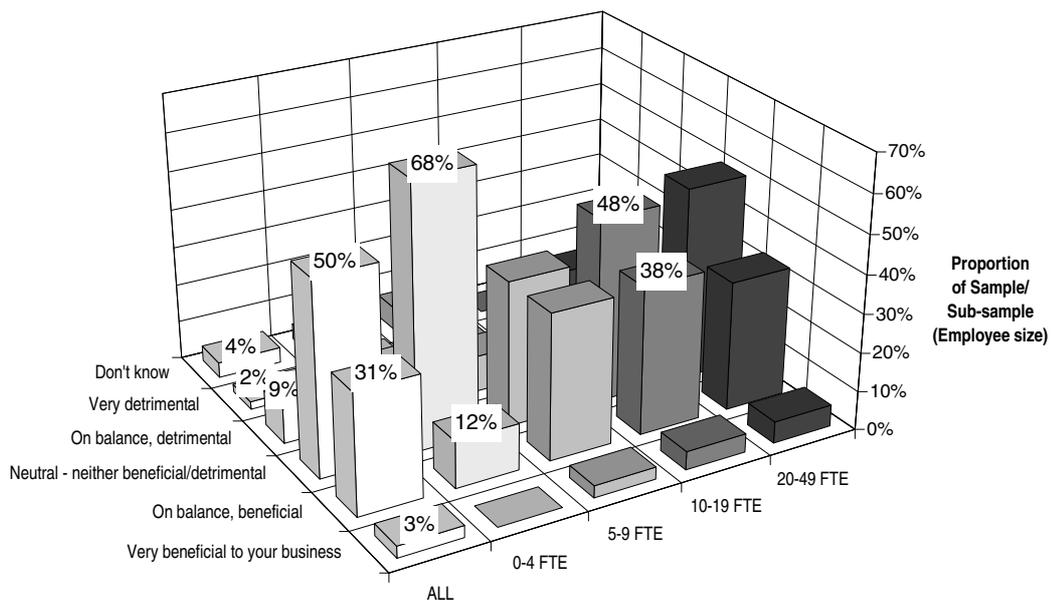


Fig 10 - SOURCES OF INFORMATION ON E.U.: BY EMPLOYEE SIZE

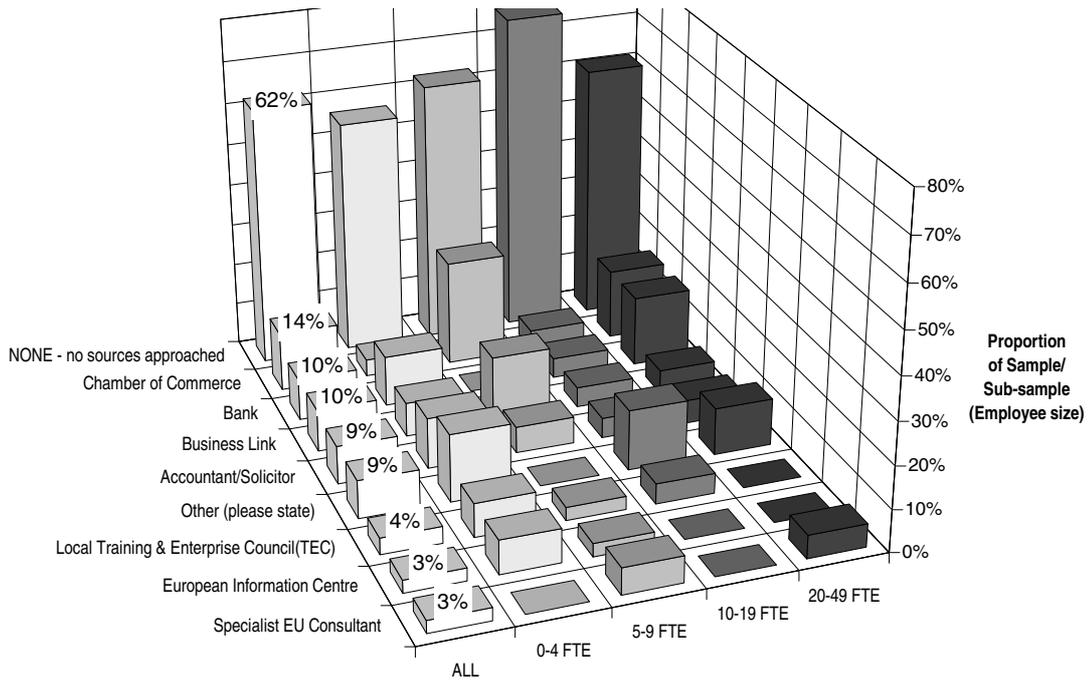
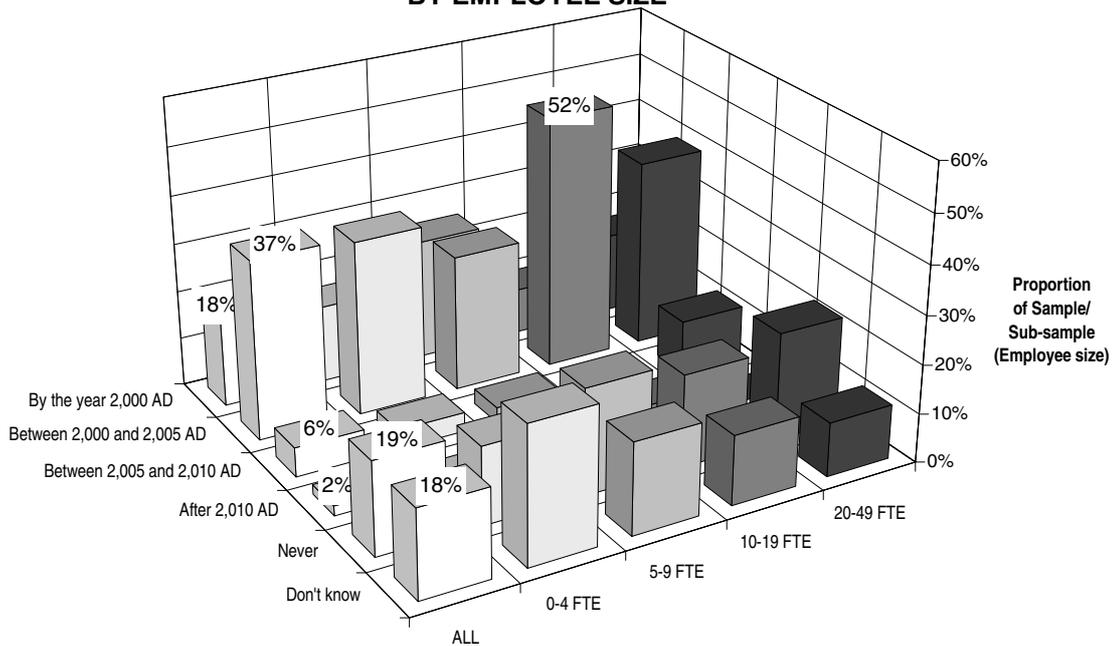
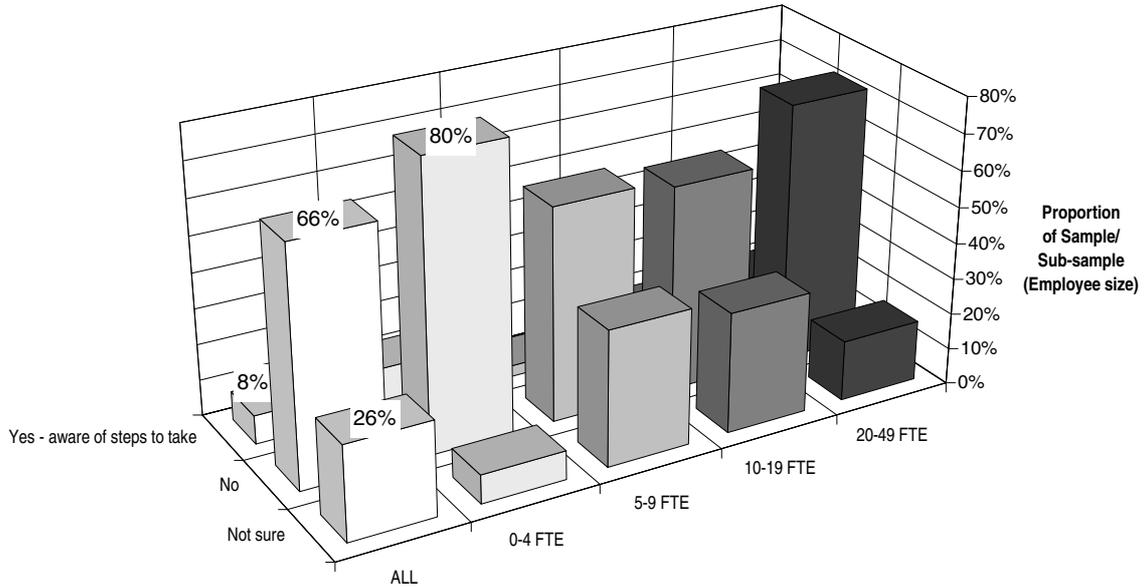


Figure 10 shows few obvious differences in the sources of information on the European Union identified by respondents in different size-bands. Likewise, there are no dramatic differences on the issue of when the U.K. might join the Single European Currency (Figure 11).

Fig 11 - EXPECTED TIMING FOR SINGLE EUROPEAN CURRENCY: BY EMPLOYEE SIZE



**Fig 12 - PREPAREDNESS FOR SINGLE EUROPEAN CURRENCY:
BY EMPLOYEE SIZE**

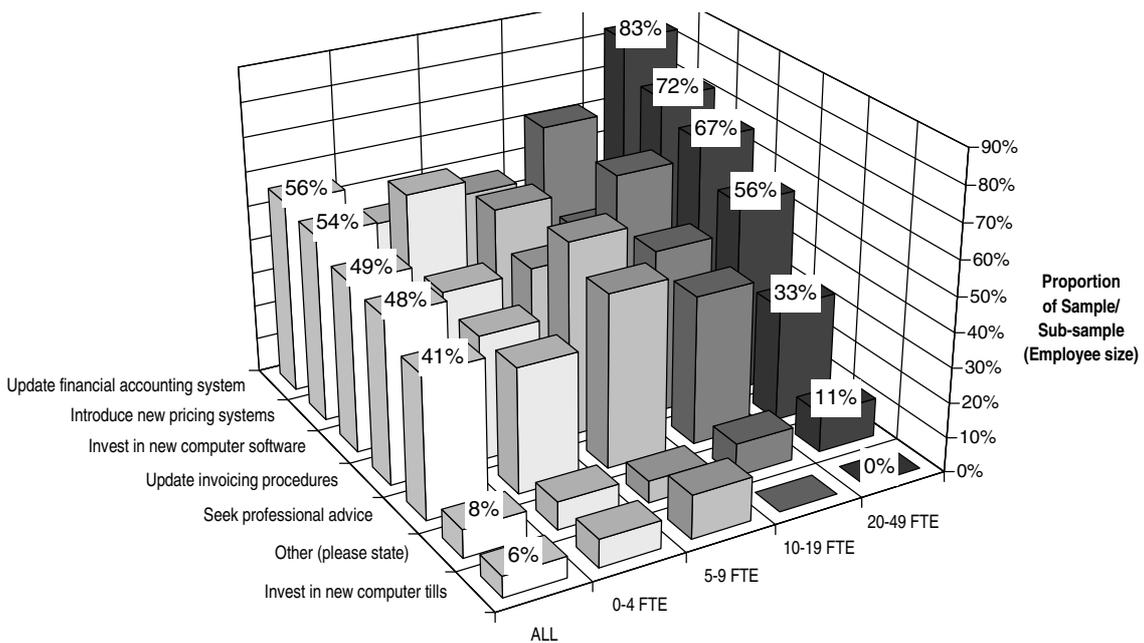


However, some size sensitivity towards the awareness of the steps businesses will need to take in readiness for the introduction of the Single European Currency is evident (**Figure 12**). Whilst around one-in-ten of the smallest size tranche (0-4 employees) answered 'yes' to

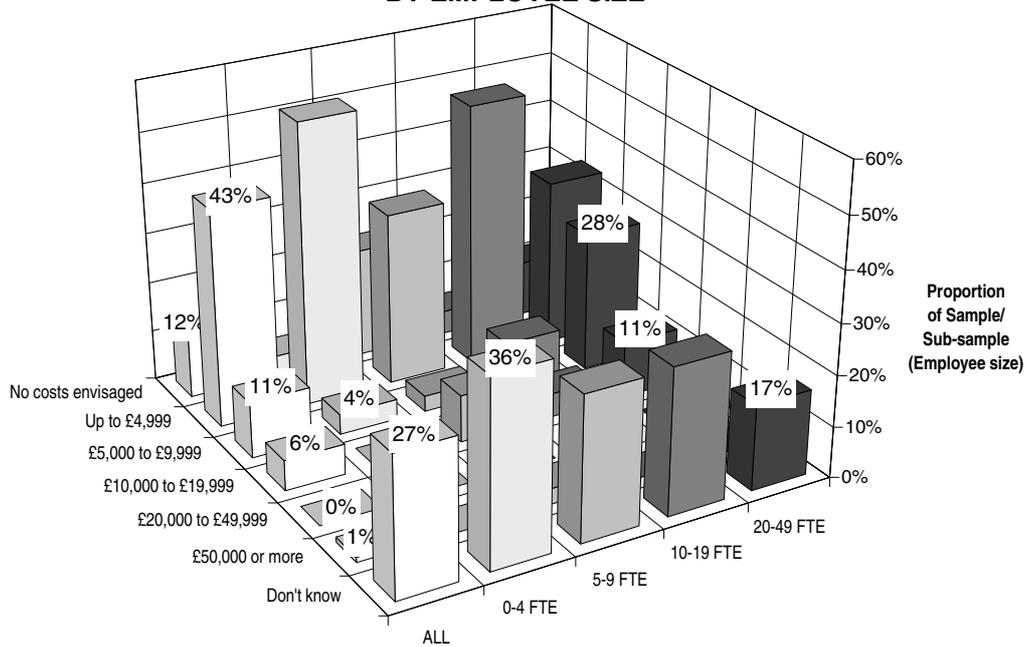
our question here (as was fairly typical of the other size tranches), a full 80% replied that 'no' they were definitely not aware of the steps they would need to take.

Figure 13, on firm changes needed in order to accommodate introduction of a

**Fig 13 - NEW SYSTEMS FOR SINGLE EUROPEAN CURRENCY:
BY EMPLOYEE SIZE**



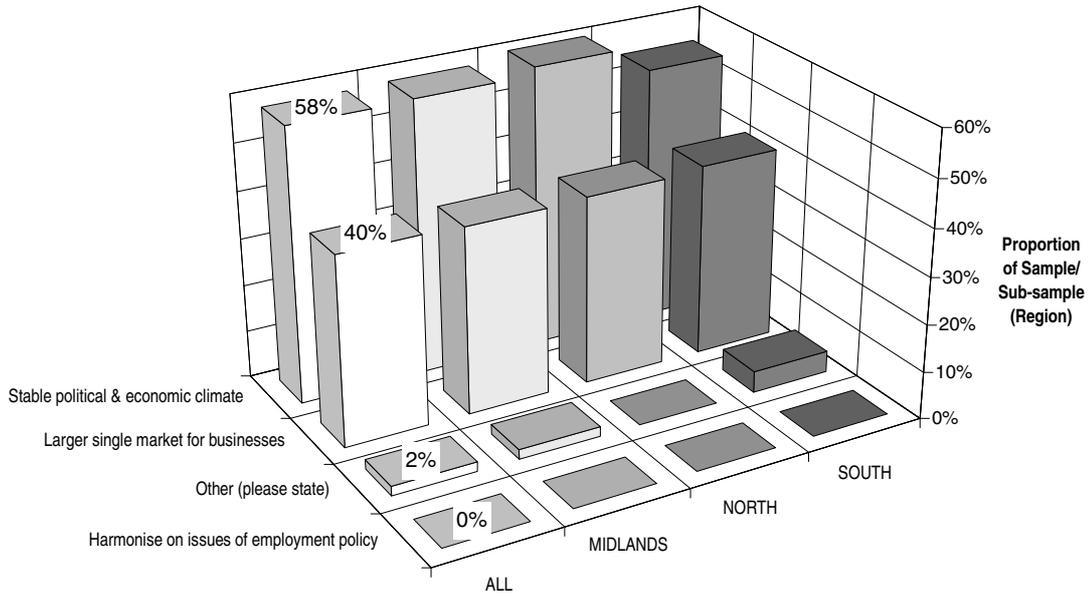
**Fig 14 - INITIAL COST OF SINGLE EUROPEAN CURRENCY:
BY EMPLOYEE SIZE**



Single European Currency, generally indicates quite large differences between our smallest firms (0-4 employees) and those in the largest group (20-50 employees) with the latter expecting to be most affected.

This follows through into the analysis of expected initial costs, with 39% (28% + 11%) of firms in the 20-49 employee range expecting costs of £5,000-£20,000, against only 4% in the 0-4 range (**Figure 14**). Moreover, there is a distinct trend concerning the 'Don't know' responses, suggesting that the larger firms are more likely to have assessed the consequences than the smaller businesses.

**Fig 15 - MAIN REASON FOR EUROPEAN UNION:
BY REGION**



REGIONAL DIFFERENCES

Our analysis on regional differences indicated a fairly strong consistency of views and strategies rather than differences of this occasion (see **Figures 15-21**). This, in itself, is an interesting

finding and is probably explained by the fact that views on Europe tend to be heavily influenced by the national media rather than by local opinion-leaders and influences.

One interesting difference is the greater

**Fig 16 - EFFECT OF E.U. ON RESPONDENT'S BUSINESS:
BY REGION**

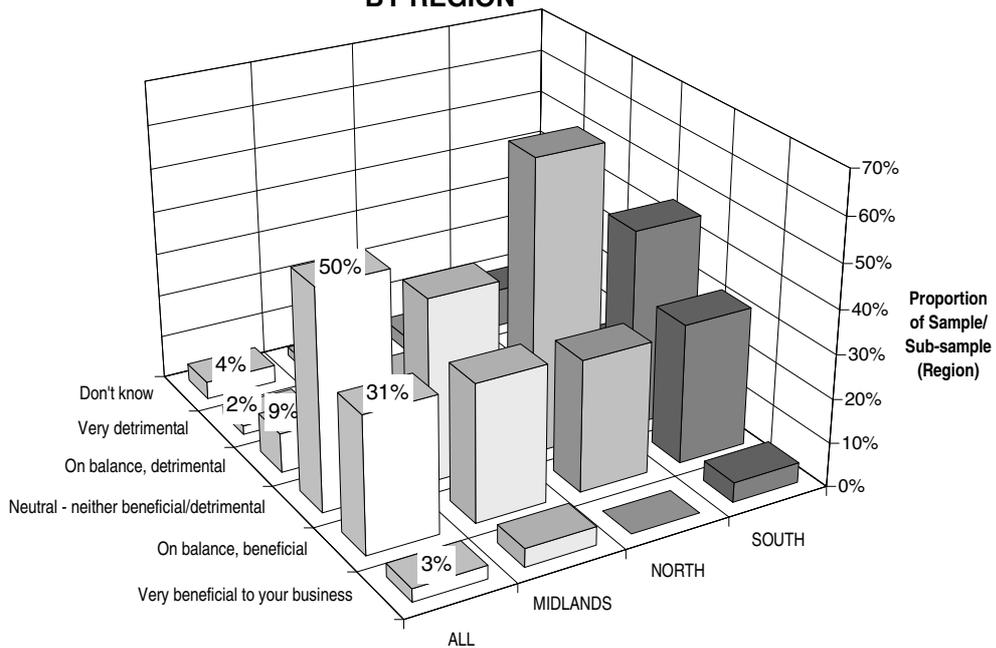
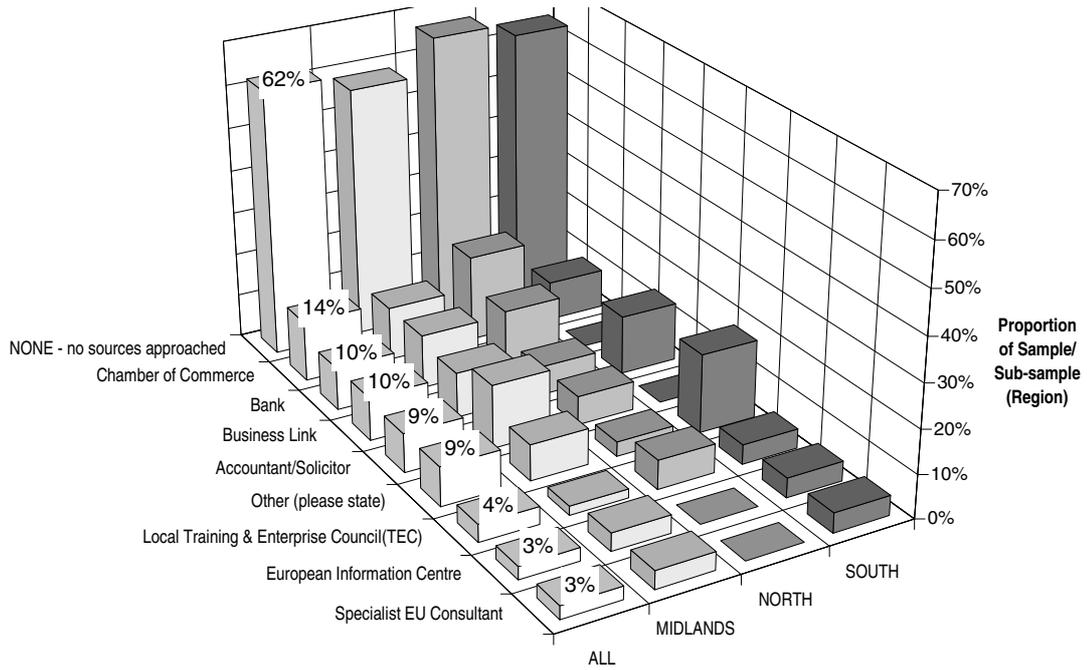


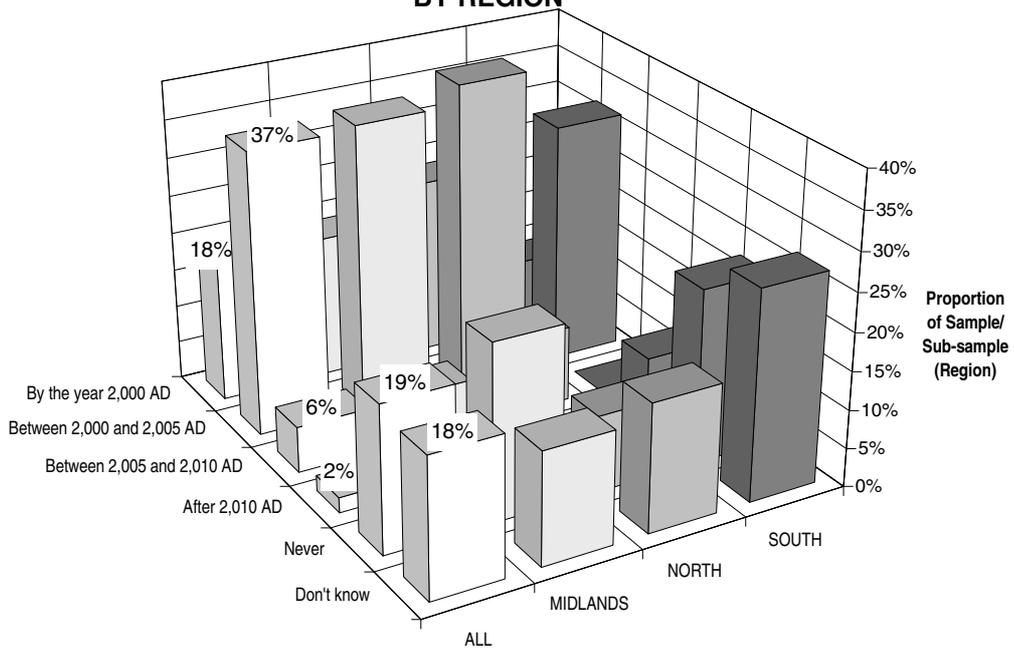
Fig 17 - SOURCES OF INFORMATION ON E.U.: BY REGION



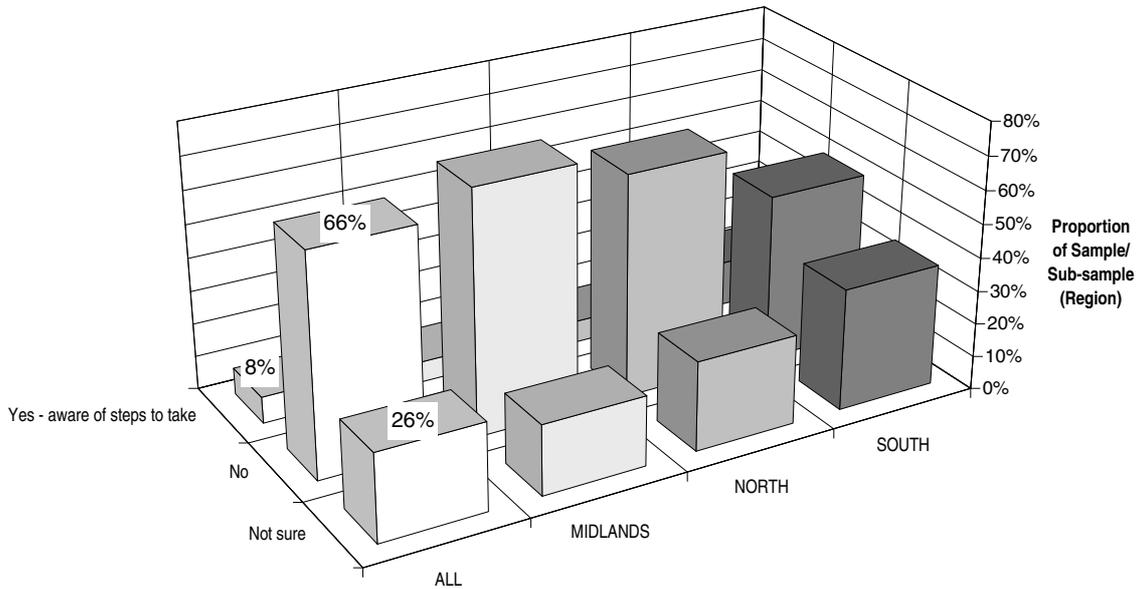
use of Business Links in the South than in the Midlands and the North (**Figure 17**). Chambers of Commerce featured more strongly in the North. Also, there is some suggestion that respondents in the South were more sceptical than their Midlands and Northern counterparts about when,

and even if, the U.K. will join the Single European Currency (**Figure 18**).

Fig 18 - EXPECTED TIMING FOR SINGLE EUROPEAN CURRENCY: BY REGION



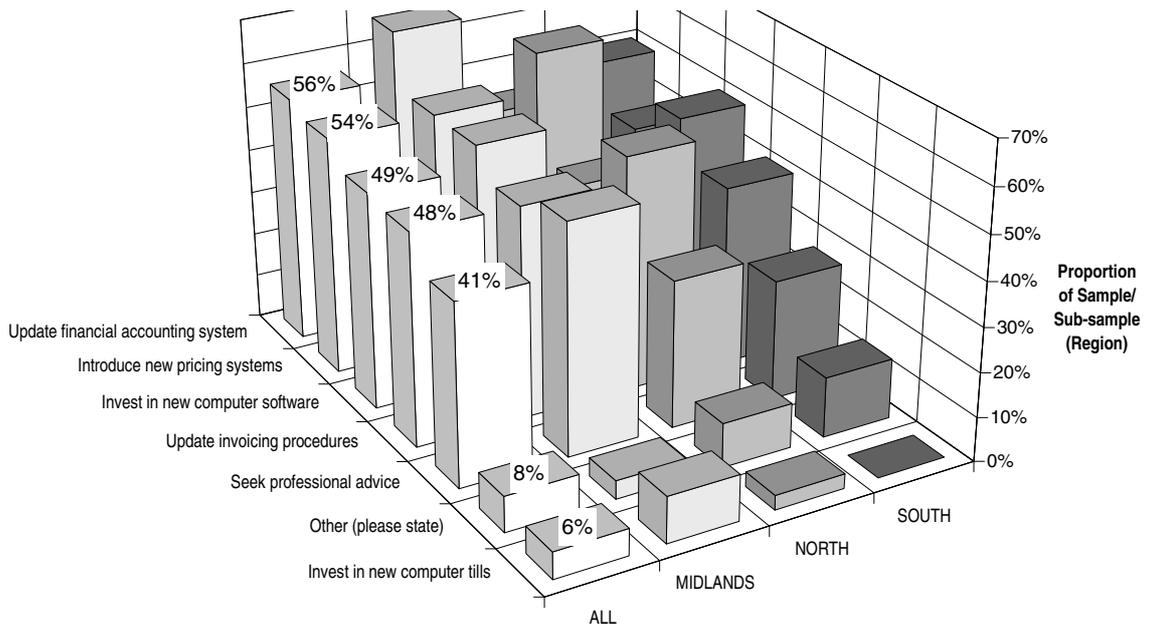
**Fig 19 - PREPAREDNESS FOR SINGLE EUROPEAN CURRENCY:
BY REGION**



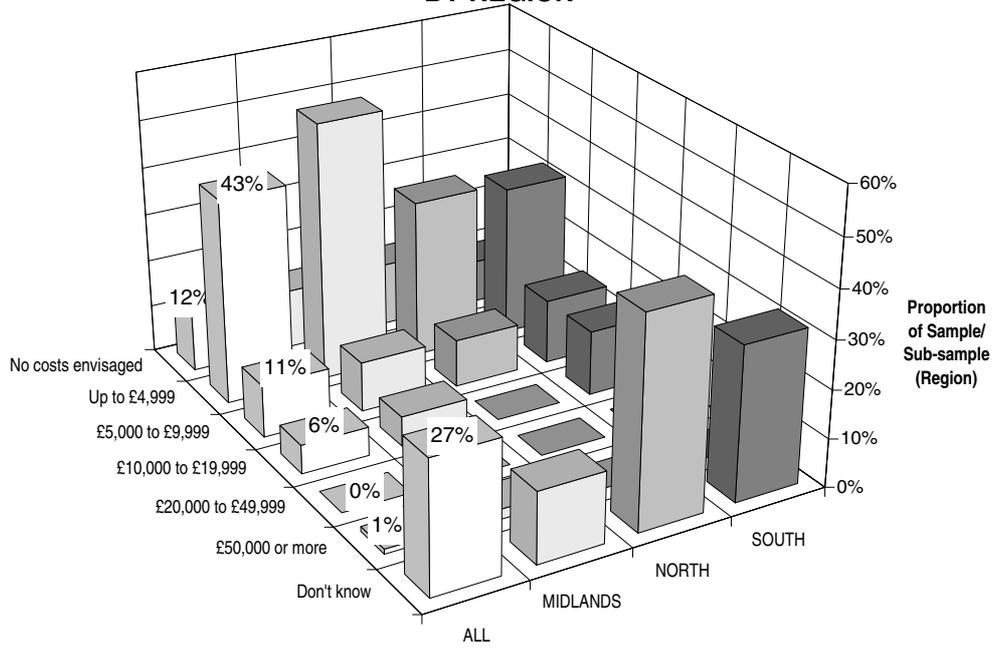
There are few regional differences of any consequence, in terms of preparedness for a Single European Currency, any new business systems required or the initial costs involved (**Figures 19, 20 and 21**), save the Midlands firms feeling more able to estimate the costs (Figure 21), with just

over half of the respondents there expecting them to be up to £4,999.

**Fig 20 - NEW SYSTEMS FOR SINGLE EUROPEAN CURRENCY:
BY REGION**



**Fig 21 - INITIAL COST OF SINGLE EUROPEAN CURRENCY:
BY REGION**



RESPONDENTS' COMMENTS

Respondents' comments are shown on the following pages.

MANUFACTURING

(Manufacturing)	<i>"Small businesses will suffer more."</i>
Cash Register Ribbons and Stationery	<i>"It's going to cost a small fortune to upgrade our systems. We [had] better get it right first time round !"</i>
Computer Hardware and Software	<i>"We have to swallow the bitter pill that 'big is beautiful' if only because it prevents national governments from fouling up the economy."</i>
Lace & Sports Trim	<i>"I only want England to be part of 'a larger common market' not a 'United States of Europe'."</i>
Lace Manufacture	<i>"At the appropriate time, the government of the day must put our money where their mouth is - a referendum is not appropriate as most people will not have sufficient knowledge of all the implications."</i>
Metal Polishing and Decorative Nickel/Chrome Plating	<i>"Being in the the E.U. has resulted in bureacracy gone mad. Rules and regulations are being applied to the U.K. which appear wholly ignored by say France and Spain. We appear to accept or object. France rejects, blockades, burns or delays."</i>
Pipe Supports for Oil Refineries, Power Stations, Processing Plants etc.	<i>"Enclosed is a poem printed in the 'Shropshire Star', December 24th 1996. It admirably sums up what appears to be happening."</i> <i>AN ODE TO EUROPE (Bob Wydell, Oswestry)</i> <i>Would you join our Common Market, said the spider to the fly, It really is a winner and the cost is not too high. I know De Gaulle said 'Non' - but he hadn't got a clue, We want you in, my friends and I, for we have plans for you.</i> <i>You'll have to pay a little more than we do - just for now, As Herr Kohl said, and I agree, we need a new milch cow. It's just a continental term, believe me, mon ami, Like 'Vive La France' or 'Mad Anglais', or even 'EEC'.</i> <i>As to the rules, don't worry friend, there's really but a few, You'll find that we ignore them - but they do apply to you. 'Give and Share between us' - that's what it's all about, You do all the giving - then we all share it out.</i> <i>It's very British, is it not, to help a friend in need ? You've done it twice in two World Wars, a fact we must concede. So climb aboard the Market train - don't sit there on the side, Your continental cousins want to take you for a ride.</i>
Production of Plastic Mouldings	<i>"We now export 20% of our production into Europe, our only problems have involved currency fluctuations. The sooner we have a single currency the better. We look for European exports to increase, to the greater good of the U.K. - but please no federalism. In our day-to-day lives, we are pleased to be Europeans - but proud to be British."</i>

MANUFACTURING continued

Publishing	<i>"For a business with no direct European business, we are just 'not sure' how we are affected (or will be) by indirect prices for things like paper from Germany (say). [It] Is uncertain because we buy from British suppliers."</i>
Publishing, Trade and Leisure magazines	<i>"A common means of exchange is the bedrock of a common market. Charges and currency negotiations work proportionally against small businesses. Politicians wake up !"</i>
Sub-contract Engineers	<i>"This is the first questionnaire I have been asked to fill in on the subject - perhaps the government agencies should be asking the same questions - if they are interested !"</i>

BUSINESS SERVICES

Accountancy, Audit, Tax & Management Consultancy	<i>"I do not think that all of the issues that affect small business are made clear by the politicians, and we often follow issues such as 'European Union' matters without considering the consequences."</i>
Audit Accountancy and Taxation	<i>"We joined the E.E.C. and were never told that political union was on the agenda - I wonder why ?"</i>
Chartered Accountants	<i>"The European issues currently being discussed and regulations imposed on U.K. businesses are not what was voted on in the European Referendum in 1972 ? We are being taken over by the E.U. slowly and steadily."</i>
Chartered Accountants	<i>"Financial co-operation is essential but too much political intervention is now dominating Europe."</i>
Food Technology & Quality Consultant	<i>"The differences in traditions and attitudes to strike action are a big worry. We have got through this, for now, but other E.U. countries have not resolved [it]. Q2: I was very pro the E.U. but I am now considerably worried about the practicality of it all, e.g. the recent French lorry drivers strike was out of control and could have/may have ruined some of our companies. Q3: The paradox is that it can, I believe, help product marketing but the Social Chapter could make me too expensive in world markets."</i>
Microfilming Bureau Service	<i>"Other than increasing costs, [there are] no benefits to our service industry (microfilm)."</i>
Outplacement Consultancy	<i>"There appears to be a total lack of information regarding the implications for small businesses."</i>
Professional Chartered Accountants	<i>"Regulatory oppression is now a major factor when my clients are reviewing expansion or change."</i>
Public Relations	<i>"It is largely a political issue from which smaller businesses have been excluded and through which they will be greatly disadvantaged."</i>
Public Relations & Marketing Support Consultancy	<i>"We were only ever asked if we wanted to join the 'common market'. When we were asked if we agreed to E.E.C., then E.C., now E.U., next U.S.E ? [United States of Europe] 'Big' business is driving us towards political union - most smaller businesses see no benefit."</i>

BUSINESS SERVICES continued

Sales and Marketing Recruitment	<i>"Within the W. European Union we've had no major wars (Cod War excepted) for over 50 years - let's keep it that way by embracing a change for the better !"</i>
Secretarial Recruitment	<i>"I'm afraid I find the extra bureacracy of Europe an absolute nightmare ! I'm not keen on a single currency."</i>
Telephone Marketing and Telephone Sales Company	<i>"The European Union and proposed introduction of [the] Single European Currency will happen. We must accept this but what will it cost the small business ? Answer - more administration and increased overheads."</i>
Textile Marketing	<i>"Two years ago I would have described myself as generally in favour of the European Union (with some reservations) and neutral on the single currency issue. Since then I have become less impressed with the European Ideal and am positively against a single currency. I can see no justifiable benefit to this country that would be worth the price of losing the right to determine our own domestic affairs, whatever they might be... As far as my business is concerned, I have dealings with many European countries, but mainly Italy, Spain and Germany. The implementation of the 'Euro' will not have a very big practical impact for me, I shall just be dealing in another currency. I believe there are advantages in negotiating prices between currencies because of the increased flexibility afforded... I support the present government's 'wait and see' policy as being sensible, practical, responsible and in this country's best interest at this stage."</i>
Training Consultancy	<i>"I think the present government should be adopting a more positive stance than just 'wait and see - we will decide later'."</i>

RETAIL AND DISTRIBUTION

Computer Data Communications Solutions in PC/Mainframe Environment	<i>"How can we be certain of changes to our business if the government is so divided on issues concerning the E.U. It's a nightmare. If the U.K. does not follow the tide of change it will become a backwater."</i>
Hardware and Pet Store	<i>"European Union looms as the biggest blight on small business and small people that we have ever seen. Like marriage, it will NOT be possible to change it after ! Power, not people, is the name of the game. Homegeny is not the independent way that makes us who we are. Pull plugs now !"</i>
Importers of Machinery	<i>"I agree with James Goldsmith."</i>
Marine Equipment Suppliers	<i>** Referendum required [to] stay in/get out * The country at large has been mislead since the Heath Government and subseqently. 'Common Market' is fine ... E.U. as currently projected/promoted is not !"</i>
Supplier of Computer Systems for Business	<i>"It is inevitable that there will be a United States of Europe. It is inconceivable that the U.K. will be outside. Get on with it. Then let's integrate with U.S., Australasia et al."</i>

ADDENDUM - ADDITIONAL INFORMATION

As an aid to the interpretation of the various figures (histograms), we have included some further information about the firms responding to this survey. The analyses involve key variables, and **industry sector, region and employee size** are those most frequently used as they are reasonably reliable indicators and less prone to misinterpretation.

Industrial sectors - based on the descriptions supplied by respondents, each firm is coded according to the Standard Industrial Classification (SIC 1980). Firms are then grouped into manufacturing, business services, retail/distribution. From 1996 onwards, firms falling outside these 3 bands - previously classified as 'other' - are now allocated to the foregoing sector which offers the closest match.

Regions - firms are also classified according to their physical location, namely, North, Midlands and the South.

Employee size - finally, firms are placed in bands according to the number of employees. Each part-time employee is assumed to be equivalent to 40 per cent of a full-time employee ('FTE' = full-time equivalent). All of the surveys to date have received only a small number of responses from firms with 50 or more FTE employees. These responses have been **included** in the breakdowns for the sectoral and regional analyses, but have been **excluded** as a '50+FTE' band in the **employee-size** analyses (the 'All' band in each histogram includes all usable responses regardless). This is because a percentage breakdown band based on just two or three firms may not be representative of this size of business.

DISTRIBUTION OF FIRMS

The highest concentration is in business services (37%), followed closely behind by manufacturing, see **Figure 22**.

Fig 22 - INDUSTRIAL SECTOR: BY REGION

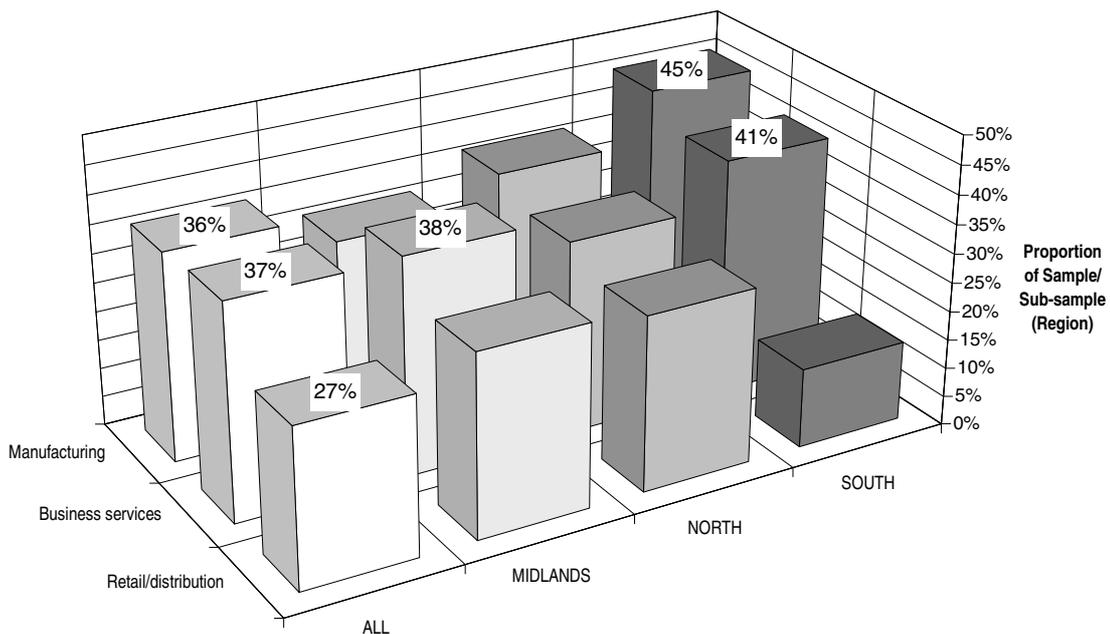
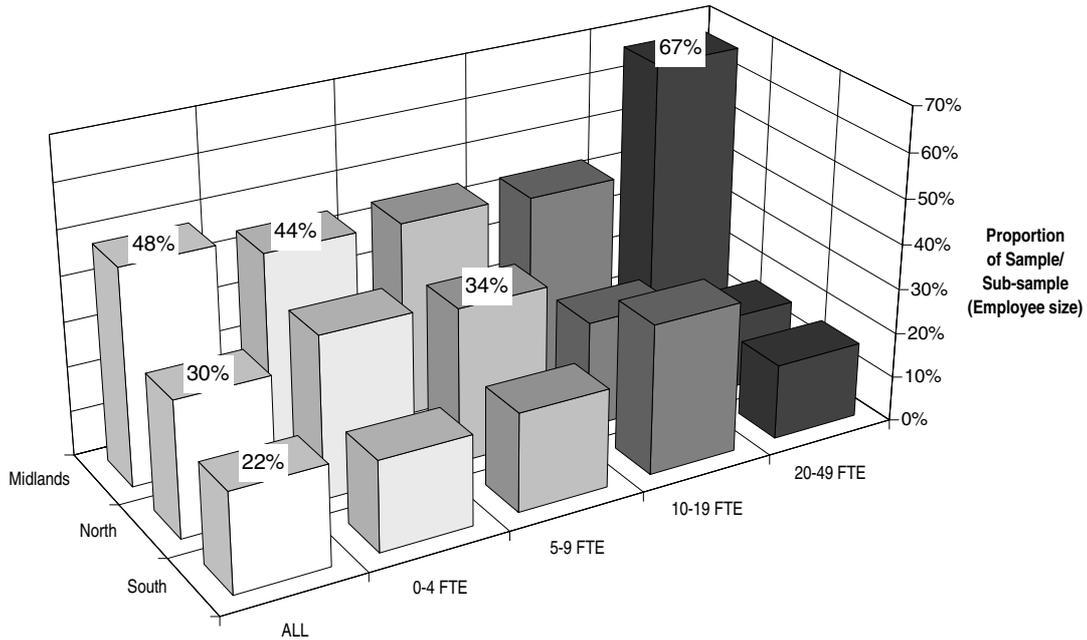


Fig 23 - REGION: BY EMPLOYEE SIZE

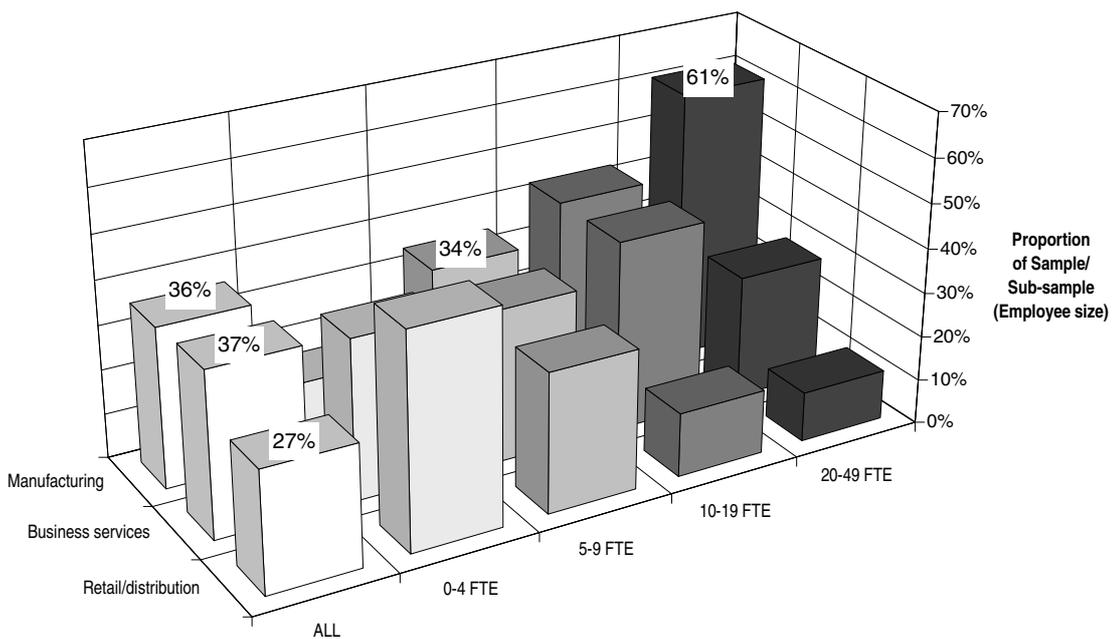


The sub-sample in the **Midlands** for this survey has 44% of the smallest businesses (see **Figure 23**).

the firms in **retailing/distribution** tend to have **fewer full-time equivalent employees (Figure 24)**.

The **Manufacturing** and **business services** firms in the sample tend to be **larger**, in terms of employees, whereas

Fig 24 - INDUSTRIAL SECTOR: BY EMPLOYEE SIZE





Lloyds Bank

Lloyds Bank/Small Business Research Trust Quarterly Small Business Management Report - No.17

This questionnaire will take approximately 5-10 minutes to complete - most answers require only a single tick. All information received will be treated in complete confidence. **PLEASE DESPATCH AS SOON AS POSSIBLE.**

MANAGEMENT ISSUE: 'Europe' and Small Businesses

- 1** Please indicate the number of people working in your business (including yourself):
- Full-time : _____ A
- Part-time (16 hours/wk or less)..... : _____ B

- 2** European Union (formerly known as the EEC) - What do you feel is the MAIN reason for its existence: *Just ONE ✓ only*
- To provide a stable political & economic climate in Europe A
- OR To provide a larger single market for businesses B
- OR To harmonise on issues of employment policy C
- OR Other (please state): D

- 3** European Union and its effect on small businesses - For your firm, do you feel that the U.K.'s membership is: *Just ONE ✓ only*
- Very beneficial to your business A
- OR** On balance, beneficial B
- OR** Neutral - neither beneficial nor detrimental..... C
- OR** On balance, detrimental..... D
- OR** Very detrimental..... E
- OR** Don't know F

- 4** European Union - Which of the following sources have you used within the past 2 years to obtain information about the EU: *✓ Against all which apply*
- Accountant/Solicitor A
- Bank..... B
- Business Link..... C
- Chamber of Commerce D
- European Information Centre E
- Local Training & Enterprise Council (TEC) F
- Specialist EU Consultant G
- NONE - no sources approached..... H
- Other (please state): I

Small Business Research Trust, based at the Open University Business School CONFIDENTIAL

- 5** **Single European currency timing - By when do you think the U.K. will have joined the proposed system ?** *Just ONE ✓ only*
- By the year 2,000 AD..... A
- OR** Between 2,000 and 2,005 AD..... B
- OR** Between 2,005 and 2,010 AD..... C
- OR** After 2,010 AD D
- OR** Never E
- OR** Don't know F

- 6** **Single European currency - If the U.K. joins, are you aware of the steps that your business will have to take in readiness for its introduction ?** *Just ONE ✓ only*
- Yes..... A
- OR** No B
- OR** Not sure C

- 7** **Single European currency implications - Which of the following will you need to pursue in order to recognise a new single currency:** *✓ Against all which apply*
- Introduce new pricing systems A
- Invest in new computer software B
- Invest in new computer tills..... C
- Seek professional advice D
- Update the financial accounting system E
- Update invoicing procedures F
- Other (please state): _____ G

- 8** **Single European currency costs - What do you believe the initial costs of introducing the above changes would be (at today's prices, exc. VAT):** *Just ONE ✓ only*
- No costs envisaged A
- OR** Up to £4,999 B
- OR** £5,000 to £9,999 C
- OR** £10,000 to £19,999 D
- OR** £20,000 to £49,999 E
- OR** £50,000 or more F
- OR** Don't know G

- 9** **'Europe' and small businesses - If you have any strong views about the topic, especially if you feel that any aspect is not fully appreciated by important sections of the business community (such as the government help agencies or the financial services), then please comment**
- _____
- _____
- _____
- _____
- _____

ISSN 0968 6444

Cover design • Simon Head